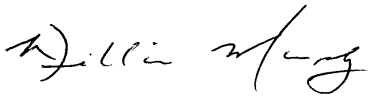




**TO:** Higher Education Committee  
**FROM:** William P. Murphy   
**SUBJECT:** Transfer of Degree-Conferring Authority Based Upon a Change of Ownership or Control: Bryant and Stratton College  
**DATE:** October 8, 2020

**AUTHORIZATION(S):**

**SUMMARY**

**Issue for Decision**

Should the Board of Regents approve the transfer of degree-conferring authority based upon a change of ownership or control of Bryant and Stratton College?

**Reason(s) for Consideration**

Required by State Statute and Regents Rules.

**Proposed Handling**

This item will come before the Higher Education Committee for a recommendation and then to the Full Board for action at its October 2020 meeting.

**Procedural History**

In 1854, Bryant and Stratton opened in Buffalo, NY. In 1971, the New York State Board of Regents awarded degree authority to the College. The College was accredited by the Board of Regents and Commissioner of Education until 2002, when it was accredited by Middle States Commission on Higher Education. Information about the College is attached.

**Background Information**

**Applicable Statute and Regents Rule**

Education Law §224(1)(a) and Regents Rule 3.58(e) each require the consent of the Board of Regents to a transfer of the degree-conferring authority of a proprietary college in

New York State, through a change in ownership or control of the proprietary college. Regents Rule 3.58(a)(1) defines change of ownership or control as, “merger, or consolidation with any corporation; sale, lease, exchange or other disposition of all or substantially all of the assets of the institution; and the transfer of a controlling interest (at least 51 percent) of the stock of a corporation.

Because the transaction concerning Bryant and Stratton College (as outlined below) will constitute a change of ownership or control of a proprietary college, as defined in Regents Rule 3.58(a), the consent of the Board of Regents to this transaction is required. Because this transaction will result in the conversion of the College from for-profit (proprietary) status to not-for-profit status, the Department has also ensured that applicable provisions of Regents Rule 3.59, concerning the requirement for a New York State Board of Directors, have been met.

### The Proposed Transaction

Bryant & Stratton College was founded over 165 years ago by brothers Henry Beadman Bryant and Dr. John Collins Bryant, along with their brother-in-law Henry Dwight Stratton. Bryant & Stratton College is still owned and overseen by a descendant of the original founder. Dr. Bryant H. Prentice III is the current owner of Bryant & Stratton College and Chairman of Bryant & Stratton College’s Board of Directors. In addition to owning the College, Dr. Prentice and his wife established the Prentice Family Foundation in 2005, an Illinois 501(c)(3) nonprofit charitable foundation with the mission of expanding access to higher education and development of entrepreneurship in Western New York by providing financial assistance and mentoring to undergraduate and graduate students of the region.

Because there is not another generation of the family to assume leadership of the College, and in order to provide for an orderly transition and preserve the College, Dr. Prentice and the College’s leadership are proposing that Dr. Prentice transfer 100 percent of his ownership interest in the educational assets of the College to a New York State not-for-profit corporation, Bryant & Stratton, Inc., in which the Prentice Family Foundation will have the sole membership. This transaction would not involve any consideration back to Dr. Prentice, it would be a donation/gift. Because both Bryant & Stratton College, Inc., and the Prentice Family Foundation are not-for-profit entities, this transaction would result in the conversion of the College to not-for-profit status.

Under the proposed plan, the New York State not-for-profit corporation would, as required in Regents Rules 3.59, have its own independent and autonomous governing board. The College’s independent governing board, consisting of the College’s current Board members and two additional members to be appointed by the Foundation, would direct the College’s planning and advancement, would hold the College’s degree-granting authority, and would oversee and be accountable for Bryant & Stratton College’s compliance with all New York State laws, including the Regents Rules relating to degree-granting authority and program registration.

Bryant & Stratton College has campuses in Ohio, Virginia, and Wisconsin. Any approvals from the education oversight authorities in those states necessary for the proposed transaction have already been obtained or their requirements only necessitate notice after the conversion is complete. The College's accreditor, the Middle States Commission on Higher Education, approved the proposed transaction during its June 2020 meeting. The U.S. Department of Education's formal approval would be issued only after the conversion has occurred. The College anticipates needing two to three months to implement all aspects of the conversion upon Regents approval. The proposed transaction is anticipated to close by the end of December 2020.

### Bryant and Stratton College after the Transaction

There is expected to be no impact on the daily life of the campus community. The College's institutional mission would remain unchanged. The College would continue operating all its existing campuses, continue to serve its existing and future student populations, and retain all faculty and staff.

In New York State, the Board of Regents exercises the same oversight for all colleges and universities, regardless of whether an institution is a for-profit or a not-for-profit institution. Bryant & Stratton College will continue to be required to meet all of the Regents' program registration standards and other requirements once the transaction is completed and the College converts to not-for-profit status.

### Steps in the Proposed Transaction if Approved by the Board of Regents

1. A Certificate of Incorporation was filed with the New York State Department of State in February 2020, creating a NYS not-for-profit, 501(c)(3) corporation, Bryant & Stratton, Inc. The Prentice Family Foundation a nonprofit, 501(c)(3) corporation, has the sole membership interest in Bryant & Stratton, Inc.
2. Upon transfer of the ownership interest from the Bryant & Stratton LLP, to the NYS not-for-profit corporation, Bryant & Stratton, Inc., the New York State Education Department will consent to the amendment of the certificate of incorporation of Bryant & Stratton, Inc., to include the authority to confer degrees in New York State in its corporate purpose.
3. The amended certificate of incorporation will include language specifying that Bryant & Stratton, and all of its educational programs, will be subject to and comply with, all of the statutory provisions, Rules of the Board of Regents and Regulations of the Commissioner of Education which would be applicable to a corporation chartered by the Regents under Section 216 of the Education Law, and that the Regents have the same authority to revoke the educational purposes from the certificate of incorporation as exists for the revocation of a charter granted by the Regents under Section 216 of the Education Law.

4. The Department will also consent to an application to change the name of the NYS not-for-profit corporation from Bryant & Stratton, Inc., to Bryant & Stratton College, Inc.
5. Upon completion of the transaction, two Bryant & Stratton campus properties, currently owned by the Bryant & Stratton LLP, will transfer to a real estate holding company, Prentice Realty, Inc., which will lease the properties to Bryant & Stratton College, Inc., based on fair market values established by third-party appraisers. Additional campus properties which are currently leased will continue to be leased by the College once the conversion is complete.

### **Related Regents Items**

Not applicable.

### **Recommendation**

It is recommended that the Board of Regents take the following action:

VOTED: That contingent upon the transfer of the ownership interest in the educational assets of Bryant & Stratton College, from the Bryant & Stratton Limited Partnership, to Bryant & Stratton, Inc., a New York State not-for-profit 501(c)(3) corporation, in which the Prentice Family Foundation, also a 501(c)(3) nonprofit charitable organization, has sole membership, the Board of Regents approves the transfer of New York State degree conferring authority to Bryant & Stratton, Inc, which will subsequently be renamed, Bryant & Stratton College, Inc.

### **Timetable for Implementation**

It is anticipated that the transfer of the ownership interest will take place by the end of December 2020. The transfer of degree-conferring authority for Bryant & Stratton College, Inc., will take effect immediately upon the completion of such transfer and the amendment of the certificate of incorporation to that effect.

Attachment

### Bryant and Stratton College

- Bryant and Stratton College (“the College”) is a proprietary (for-profit) degree-granting institution. The College is headquartered in Buffalo, and has campuses in Albany, Amherst, Buffalo, Orchard Park, Greece, Henrietta, Syracuse, Liverpool, and an extension center in Malta.
- It also operates locations in Ohio, Virginia, and Wisconsin and its online education programming from Buffalo. It is authorized by the Department to participate in the State Authorization Reciprocity Agreement (SARA).
- In 1971, the College was authorized by the Board of Regents to grant degrees. It is accredited by Middle States Commission on Higher Education.
- The current president and chief executive officer, Francis J. Felser, became president in 2015. He has been with the College for over 25 years in a number of roles, including chief academic officer, executive vice president and chief administrative officer.
- The College currently employs approximately 810 faculty and 790 staff in New York State.
- The College is governed by a Board of Directors consisting of eight members.
- The College currently has approximately 7,600 students enrolled in its New York State programs (including students enrolled in distance education programs which are based in New York State), in 263 diploma, certificate, associate and bachelor’s degree programs across all locations of the College in NYS in the following areas<sup>1</sup>:

Discipline	Areas of Study
Business	Accounting, Administrative Assistant, Digital Marketing, Financial Support Services, Human Resources, Office Management, Organizational Leadership, Paralegal Studies, Restaurant and Hotel Studies
Health Professions	Health Services Administration, Medical Assisting, Medical Reimbursement and Coding, Occupational Therapy Assistant, Physical Therapy Assistant
Physical Sciences	Electronics Technology, Information Technology, Security Technology, Networking Technology
Criminal Justice	Criminal Justice Studies
Fine Arts	Graphic Design

- Retention rates, full-time (average across NYS locations): Associates – 31%; Bachelor’s – 37%
- Graduation rates, full time (average across NYS locations): Associates – 27%; Bachelor’s – 21%
- Average annual tuition and fees for 2019-2020 – \$17,135
- Official cohort default rate – 19.6% (National average – 10.1% and NYS average – 8.6%)

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<sup>1</sup> Program offerings differ slightly by location.